Simmons
MEDIA GROUP

June 4, 2008

VIA ELECTRONIC FILING

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Ex Parte* Presentation in MB Docket 04-233 and MM Docket 99-325

Dear Ms. Dortch:

Simmons Media Group, LLC, which owns or operates 25 radio stations in eight states, remains strongly opposed to the stricter main studio location and 24-hour staffing proposals in the FCC's Localism and Digital Audio Broadcasting proceedings. These recommendations would put an undue hardship on radio stations, and specifically on our company. Simmons places great importance on service to the local communities in which it operates, and company management felt some specific cost information would be important for the Commission to understand the oppressive cost burden these proposed rules would impose on our industry.

Simmons' 25 radio stations are currently operated out of a total of 10 studio locations. Were the proposed rules implemented, Simmons would have to build and maintain 13 new additional studio locations. Simmons has approximated the costs of these new rules below, after making some baseline assumptions.

Assumptions:

Rent: We assumed small studios can be leased for $1500 per month. We believe this is a low estimate. In larger markets, the cost would be significantly more. Utilities, additional phone lines are conservative estimates of an average one additional phone line of $50 per month and $200 of utilities. Management believes these are low estimates. Currently all studios operated by Simmons are in excess of this cost but include space for sales staff.

Labor: We assumed $12 per hour staff with 15.5% load factor for payroll taxes and employee benefits (below current averages). This is also considered a very low estimate for staff trained to operate a studio. Under the FCC's proposals, each station would need one staff member for 24 hours a day and an additional staff member for an 8-hour business day.

		Approx. New monthly cost
New Rental Costs:	13 studios = average cost per month ($1500 each)	$19,500
	New utilities and phone lines Est. $250 per location per month	$3,250
24-Hour Staffing:	Existing locations would have to add overnights 9 locations x 8 hour shift at $12 per hour plus taxes and benefits	$30,000
	13 new studios x one 8 hour staff at $12 per hour plus taxes and benefits	$43,250
	13 new studios with one 24 hour staff at $12 per hour plus taxes and benefits	$130,000
Total Approximate Monthly Cost:		$226,000

As this data shows, these two requirements alone would add over **$2.7 million** in annual costs to a group of radio stations that currently taken as a whole do not generate net income. The results would be that the operation would no longer be economically viable. While the intent to provide services to smaller cities is worthy, requiring studios in the city of license would destroy the economic viability to provide radio service. Most of our locations have multiple stations serving several small cities in a metropolitan area. Multiple studios would create duplication of facilities. While some facilities could be moved, the capital costs associated with building 13 new locations would also be a material burden.

A specific example might better illustrate the difficulty with these proposals.

Missoula, Montana:

Simmons currently operates three radio stations in Missoula, Montana under an LMA Agreement. The stations are new allocations put on the air in 2006. A combined studio was built with one General Manager and a combined sales force. To date, the stations have lost money every month of operation but are nearing break even. The goal is to achieve break even status in 2008. However, the three stations are all licensed to different cities in the Missoula valley and under the proposed rules would have to be separated into three different main studios. The local economy has the city of Missoula as the hub in this mountain community. Most business is centralized in Missoula with farming communities surrounding Missoula. Two of the stations are licensed to smaller farming communities within a few miles of Missoula. The result of the proposed rulemaking would be as follows:

		Approximate new monthly cost
2 new studios required	$1500 each per month	$3,000
	Utilities & phones	$500
24 hour staffing	Extend current studio to 24 hrs by adding overnight 8 addl hrs @ $12 per hour plus taxes and benefits	$3,300
	24 hour staffing for two new studios @ $12 per hour plus taxes and benefits	$20,000
	8 hour staffing for two new studios @ $12 per hour plus taxes and benefits	$6,650
Total Approximate Monthly Cost:		$33,450

These additional costs would represent **an increase in monthly expenses of almost 50%** and will make the cluster unprofitable for the foreseeable future. This analysis doesn't include the additional capital costs to build out all of the new studios. Adding almost 50% in new costs without any opportunity for additional revenue is an unfair government mandate in any industry. These added costs would materially alter the viability of this cluster and would prevent the location from being profitable for years to come.

In addition, it is the opinion of our management that the combined new compliance requirements proposed in the Localism proceeding would require the addition of at least one more full time person at our headquarters to oversee these new requirements - adding another $50k of costs.

For all of these reasons, Simmons opposes the proposed stricter main studio location and 24-hour staffing rules. These proposals would needlessly place oppressive burdens on Simmons' radio stations and other broadcasters.

Sincerely,

G. Craig Hanson
President
Simmons Media